

Message Text

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FM AMEMBASSY DACCA
TO SECSTATE WASHDC 3237

S E C R E T SECTION 1 OF 4 DACCA 0246

E.O. 11652: GDS
TAGS: PFOR, EAID, BG
SUBJECT: AMBASSADOR'S VIEWS ON PRESENT SITUATION IN BANGLADESH
AND RECOMMENDATED U.S. PROGRAMS

1. I HAVE BEEN IN BANGLADESH FOR TWO MONTHS. MOST OF
WHAT I HAE FOUNDV HERE IS IN LINE WITH THE EXCELLENT
BRIEFINGS I RECEIVED IN WASHINGTON, BUT I HAVE REFINED
CERTAIN VIEWS AS A RESULT OF FIRSTHAND EXPERIENCE IN THIS
COUNTRY. THIS MESSAGE GIVES MY ASSESSMENT OF THE CURRENT
SITUATION IN BANGLADESH AND LAYS OUT THE APPROACH I THINK
WE SHOULD FOLLOW IN OUR VARIOUS OPERATIONAL PROGRAMS.

2. POLITICAL SETTING: OXIBILITY AT THE PRICE OF INCREASED
AUTHORITARIANISM. I HAVE BEEN FAVORABLY IMPRESSED BY
GENERAL ZIA IN THE SEVERAL LONG DISCUSSIONS I HAVE HAD
WITH HIM, INCLUDING A RELAXED FAMILY DINNER AT HIS RESI-
DENCE. WHILE NOT CHARISMATIC, HE IS SENSIBLE, HARD WORKING,
INCORRUPT AND A DEDICATED PATRIOT. HE KNOWS WHAT IS REQUIRED
AND HAS SOUND VIEWS ON THE NEED TO CONTROL POPULATION
GROWTH, EXPAND AGRICULTURAL PRODUCTION, INCREASE EXPORTS
AND BEEF UP THE PRIVATE SECTOR OF THE ECONOMY. HIS
POLICIES, STATEMENTS AND ACTIONS ARE RIGHT, BUT AS WITH
VIRTUALLY EVERYTHING IN THIS COUNTRY, FOLLOW-THROUGH
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AT LOWER LEVELS OF THE GOVERNMENT FALLS SHORT.

3. ZIA'S GENERAL STYLE IS GOOD. HE IS AMBITIOUS BUT
DOES NOT GIVE THE IMPRESSION OF SEEKING POWER. HE SEEMS
ALMOST TO ACCEPT IT RELUCTANTLY BECAUSE NO ONE ELSE IS
AVAILABLE. WHETHER A TACTIC OR A SINCERE ATTITUDE ON HIS
PART, THIS IS THE BEST IMAGE TO PROJECT IN BANGLADESH.

THUS FAR AT LEAST THERE HAS BEEN NO SERIOUS EFFORT TO BUILD HIM UP AS A MESSIANIC FIGURE. ZIA HAS NOT YET SET FORTH A DOMESTIC POLITICAL PHILOSOPHY OR TAKEN STEPS TO BUILD A FORMAL CIVILIAN BASE OF SUPPORT, BUT MAY AS HE SETTLES INTO THE TOP JOB.

4. ZIA WORKS HARD AT HIS JOB. HE TRAVELS WIDELY THROUGHOUT THE COUNTRY PUSHING THE CENTRAL GOVERNMENT'S PROGRAMS AND CHECKING ON LOCAL OFFICIALS. HE FOLLOWS A TOUGH SCHEDULE IN DACCA. LATE ARRIVALS OR NON-ARRIVALS AT SOME OF MY DINNER PARTIES HAVE COMPLAINED ABOUT MEETINGS HE CHAIRS WHICH LAST FAR INTO THE NIGHT.

5. THE ARMY IS ZIA'S POWER BASE. WHILE NOT TOTALLY COHESIVE, THE ARMY IS BY FAR THE STRONGEST POLITICAL FORCE IN THE COUNTRY. IN THE ABSENCE OF FEASIBLE ALTERNATIVES IT IS LIKELY TO CONTINUE TO DOMINATE THE SCENE FOR SOME TIME TO COME. ZIA CLEARLY COMMANDS WIDE SUPPORT IN THE ARMY, BUT THERE ARE OTHER CONTENDERS FOR POWER, AND THERE ARE THOSE WHO OPPOSE ZIA'S MODERATE, SECULAR ADMINISTRATION. THESE VARIOUS ELEMENTS WOULD BE STRENGTHENED IF THE ECONOMIC PROGRESS OF THE PAST YEAR SHOULD FALTER.

6. WHILE ZIA CONTROLS THE LEVERS OF POWER NOW, WE CANNOT BE CERTAIN HOW LONG HE WILL REMAIN IN OFFICE OR HOW REPRESSIVE HIS GOVERNMENT MIGHT BECOME. WHILE CONTINUING STRONG SUPPORT TO THE ECONOMIC DEVELOPMENT OF BANGLADESH WE SHOULD, GIVEN THE FRAGILITY OF POLITICAL INSTITUTIONS AND TRADITIONS, AVOID A COMMITMENT TO ZIA OR ANY OTHER
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SINGLE INDIVIDUAL.

7. THE PRESENT POLITICAL STABILITY HAS BEEN ACHIEVED AT A PRICE. NATIONAL ELECTIONS HAVE BEEN POSTPONED, ZIA HAS TAKEN OVER TOTAL AUTHORITY AS CHIEF MARTIAL LAW ADMINISTRATOR (LEAVING THE CIVILIAN PRESIDENT AS A FIGUREHEAD), AND A NUMBER OF CIVILIAN POLITICAL LEADERS HAVE BEEN ARRESTED ON EVIDENCE THAT SEEMS FLIMSAY. DE FACTO PRESS CENSORSHIP IS FAIRLY RIGID AND DISSENT IS A SURE ROUTE TO PRISON OR EXILE.

8. THUS FAR THERE HAS BEEN NO SIGNIFICANT OPPOSITION TO ZIA'S TIGHTENING OF AUTHORITARIAN CONTROL. MOST PEOPLE ARE MORE INTERESTED IN ADEQUATE FOOD, JOBS AND PRICE STABILITY THAN IN ELECTIONS UNDER PRESENT CIRCUMSTANCES. BUT WHILE WESTERN-STYLE DEMOCRACY IS FAIRLY MEANINGLESS IN A COUNTRY LIKE BANGLADESH, THE PEOPLE HERE ARE HIGHLY POLITICIZED. THEY TEND TO GIVE THE PERSON IN POWER A CHANCE BUT EXPECT CONTINUED PROGRESS. A RATE OF GROWTH

SIMILAR TO THAT DURING THE PAST YEAR WILL BE DIFFICULT IF NOT IMPOSSIBLE TO SUSTAIN, AND THE ODDS FAVOR ANOTHER NATURAL DISASTER IN THE NEXT YEAR OR SO. ASSUMING HE IS NOT ASSASSINATED (ALWAYS A REAL POSSIBILITY HERE), ZIA PROBABLY HAS SEVERAL YEARS TO SHOW WHAT HE CAN DO. BY THEN, AND BY ONE MEANS OR ANOTHER, HE WILL HAVE TO (A) LEGITIMIZE HIS OWN REGIME OR RETURN POWER TO A GOVERNMENT WHICH, DIRECTLY OR INDIRECTLY, IS ACCOUNTABLE TO THE PEOPLE OR (B) BECAUSE MORE REPRESSIVE TO RETAIN POWER AGAINST WHAT IS LIKELY TO BE RISING OPPOSITION.

9. IN FOREIGN POLICY ZIA IS CONSERVATIVE, NON-COMMUNIST BUT PRAGMATIC. HE SEEKS GOOD RELATIONS WITH EVERYONE BUT LEANS IDEOLOGICALLY TOWARD THE U.S. AND U.K. THERE ARE SOME CONTINUED IRRITANTS IN OUR BILATERAL RELATIONS (NATIONALIZATION CLAIMS, COMPENSATION FOR DAMAGE TO THE FORMER USIS LIBRARY AND OCCASIONAL HARASSMENT OF DUTY-FREE
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IMPORT FOR MEMBERS OF THE MISSION), BUT I DO NOT BELIEVE THE BDG WILL LET THESE ENDANGER ITS BASIC RELATIONS WITH THE U.S. RESOLVING THEM WILL, HOWEVER, REQUIRE FURTHER PRESSURE ON ZIA AND OTHERS. LESS CERTAIN IS WHETHER WE CAN SUCCEED IN TURNING BANGLADESH AWAY FROM THIRD WORLD POSITIONS WE OPPOSE IN INTERNATIONAL FORUMS. HERE I BELIEVE RESULTS WILL BE QUITE LIMITED, BUT WE SHOULD NONETHELESS CONTINUE TO REGISTER OUR DISSATISFACTION ON THOSE OF MAJOR IMPORTANCE TO US (THE RECENT GUAM RESOLUTION, FOR EXAMPLE),

10. ZIA AND SOME OF HIS MILITARY COLLEAGUES SPEAK FONDLY OF THE "GOOD OLD DAYS" OF OUR MUTUAL SECURITY RELATIONSHIP WITH PAKISTAN, FROM WHICH MANY OF THEM BENEFITTED. THEY WOULD LIKE NOTHING BETTER THAN FOR US TO UNDERTAKE RESPONSIBILITY FOR BANGLADESH'S DEFENSE. IN ALL MY CALLS ON TOP BDG OFFICIALS I HAVE STRESSED THAT THIS IS NOT IN THE CARDS, THAT OUR BEST SUPPORT TO BANGLADESH IS IN THE FIELD OF ECONOMIC AID AND THAT EFFORTS TO DRAW US TOO CLOSELY INTO MATTERS AFFECTING BANGLADESH'S DEFENSE WOULD NOT ONLY FAIL, BUT WOULD ENDANGER THE BROAD BASE OF SUPPORT FOR ECONOMIC ASSISTANCE WITHIN THE EXECUTIVE AND LEGISLATIVE BRANCHES OF THE U.S. GOVERNMENT. I BELIEVE ZIA NOW UNDERSTANDS THIS AND THAT THIS, IN PART AT LEAST, EXPLAINS THE RECENT SPREADING OF HIS INTERNATIONAL OPTIONS, AS BY HIS SUCCESSFUL TRIP TO CHINA.

11. ECONOMIC BACKGROUND: CONTINUED PROBLEMS BUT NOT QUITE A BASKET CASE. BANGLADESH, ONCE DESCRIBED AS AN INTERNATIONAL BASKET CASE, SHOWS CLEAR SIGNS OF ECONOMIC LIFE. IN A REMARKABLE TURN-AROUND, THE MILITARY GOVERNMENT

HAS, IN TWELVE MONTHS, IMPROVED LAW AND ORDER, EXPANDED THE SCOPE FOR PRIVATE ENTERPRISE, CONTROLLED SMUGGLING, ENCOURAGED EXPORTS, CHECKED RAMPANT INFLATION, AND -- TAKING ADVANTAGE OF GOOD WEATHER -- PRODUCED A RECORD RICE CROP AND THE HIGHEST REAL GROWTH IN GNP IN 1975/76 OF ANY
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POPULOUS NATION IN ASIA. THERE IS IN DACCA A SENSE OF FAR GREATER CONFIDENCE, PRIDE AND ECONOMIC ACTIVITVY.

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12. THE BDG'S ECONOMIC POLICIES UNDER GENERAL ZIA REFLECT A WILLINGNESS TO RELY ON THE PRIVATE SECTOR. PRIVATE (INCLUDING FOREIGN) INVESTMENT HAS BEEN ENCOURAGED. NUMEROUS ECONOMIC CONTROLS, SUCH AS THOSE ON PRICES AND INTERNAL DISTRIBUTION, HAVE BEEN REMOVED. THE PROCESS OF BDG DISINVESTMENT OF INDUSTRIAL UNITS TAKEN OVER IN 1972 IS WEL UNDER WAY. WHILE THE PRIVATE SECTOR RESPONSE TO DATE HAS REFLECTED A NATURAL CONCERN OVER FUTURE POLITICAL UNCERTAINTIES, PRIVATE INVESTMENT IS NOW INCREASING. I BELIEVE THESE ARE SENSIBLE POLICIES, ESPECIALLY AS THE ALL TOO FEW COMPETENT CIVIL SERVANTS MUST BE FREED FROM MANAGING INDUSTRIES, WHICH IN ANY EVENT THE PRIVATE SECTOR DOES BETTER, TO FOCUS ON ECONOMIC DEVELOPMENT, AND ESPECIALLY ON THE PROBLEMS OF IMPLEMENTATION.

13. BUT THE PACE OF ECONOMIC DEVELOPMENT MEASURED BY

INDUSTRIAL PRODUCTION (STILL TEN PERCENT BELOW 1969/70) AND PROJECT IMPLEMENTATION IS DISAPPOINTING. IMPORTS FINANCED BY COMMODITY AID ARE ALSO SLUGGISH. FROM JULY TO DECEMBER 1976, BOTH THE BUDGET AND THE BALANCE OF PAYMENTS WERE IN SURPLUS. THIS IMPLIES LOW RATES OF EXPENDITURE ON DEVELOPMENT. WHILE WE DO NOT YET HAVE GOOD NUMBERS, WE BELIEVE DEVELOPMENT EXPENDITURES ARE RUNNING BELOW THEIR 1975/76 PACE; THIS SHORTFALL ON THE EXPENDITURE

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SIDE IS A MAJOR EXPLANATION FOR THE BUDEGTARY SURPLUS. MOREOVER, IMPORTS ARE LAGGING BEHIND BUDGET EXPECTATIONS PARTLY BECAUSE OF HIGH GOVERNMENT CORPORATION STOCKS, AND AS A RESULT OF PRIVATE TRADERS' NATURAL RESPONSE TO SLUGGISH DEMAND, WHICH IN TURN REFLECTS LOW RURAL PURCHASING POWER.

14. IMPROVING THE RATE OF ECONOMIC DEVELOPMENT EXPENDITURE INVOLVES TWO SEPARATE PROBLEMS. ONE IS THE SEVERE SHORTAGE OF MANAGEMENT SKILLS TO IDENTIFY PROJECTS AND COPE WITH BOTTLENECKS IN GETTING THEM UNDERWAY. THIS CAN ONLY BE CORRECTED OVER TIME. THE OTHER -- THE SLOW DRAWDOWN OF COMMODITY AID -- REFLECTS IN PART LOW RURAL PURCHASING POWER. HERE SHORT TERM MEASURES (THE PROGRAM OF CREDIT TO THE PRIVATE GRAIN DEALERS AND THE OFFICIAL PROCUREMENT DRIVE) CAN COMBINE TO RAISE FARMGATE PADDY PRICES. THESE TWO POLICY DECISIONS ARE SENSIBLE; IT REMAINS TO BE SEEN IF THE BDG CARRIES THROUGH ON THEM. WE CAN ENCOURAGE A VIGOROUS PROCUREMENT DRIVE BY EMPHASIZING THIS PROPOSED SELF-HELP MEASURE IN OUR FY 1977 PL-480, TITLE I AGREEMENT. TO DO SO, HOWEVER, WHILE THE PROCUREMENT DRIVE IS STILL AT ITS PEAK, WE NEED NEGOTIATING INSTRUCTIONS VERY PROMPTLY.

15. FAMILY PLANNING ALSO REQUIRES MORE VIGOROUS ACTION IF BANGLADESH IS TO SURVIVE. POPULATION IS GROWING AT ABOUT THREE PERCENT ANNUALLY; AGRICULTURAL PRODUCTION AT ONE PERCENT. BANGLADESH'S DENSITY IS THREE TIMES THAT OF INDIA, FIVE TIMES THAT OF INDONESIA. AND RESOURCES ARE MORE LIMITED. FIFTY PERCENT OF THE POPULATION IS UNDER FIFTEEN YEARS OF AGE. SOME PROGRESS HAS BEEN MADE IN RECENT MONTHS, BUT THERE HAS BEEN MORE TALK THAN ACTION.

U.S. PROGRAMS

16. OUR OBJECTIVES. AS I SEE IT, WE HAVE TWO OBJECTIVES HERE: FIRST, TO DO WHAT WE CAN IN BANGLADESH TO CONTRIBUTE TO STABILITY IN SOUTH ASIA (AND BANGLADESH IS UNDOUBTEDLY

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ITS MOST VULNERABLE AREA) AND, SECONDLY, TO FULLFILL OUR HUMANITARIAN DESIRE TO HELP THESE "PORREST OF THE POOR." IF BANGLADESH IS TO CONTRIBUTE TO STABILITY IN THE AREA, ITS ECONOMIC PROBLEMS MUST BE EASED. EXCEPT FOR THESE TWO OBJECTIVES, WE HAVE NO VITAL OR EVEN VERY IMPORTANT INTERESTS HERE. WE MUST THEREFORE CONTINUE TO LIMIT OUR POLITICAL INVOLVEMENT AND AVOID ANY ACTIONS WHICH WOULD ENOURAGE THE BANGLADESHIS TO LOOK TO US AS THEIR MAJOR INTERNATIONAL BENEFACOR. TO THE EXTENT POSSIBLE, WE SHOULD CONTINUE TO NUDGE THEM INTO THE WIDEST POSSIBLE RANGE OF INTERNATIONAL RELATIONSHIPS AND DISCOURAGE ANY LINGERING VIEW THAT WE HAVE AN IRRESISTIBLE URGE TO ASSUME RESPONSIBILITY FOR THEIR DEFENSE.

17. PROGRAM RECOMMENDATIONS. FOR THESE REASONS, OUR MAJOR ROLE HERE SHOULD CONTINUE TO BE IN THE FIELD OF ECONOMIC AID (SEE BELOW), BUT THREE OTHER AREAS ALSO REQUIRE URGENT ATTENTION.

A. USIS ACTIVITIES. I FELT IN WASHINGTON AND AM EVEN MORE CONVINCED NOW THAT CUTS IN THE USIS PROGRAM A YEAR OR SO AGO WERE TOO DEEP. WE NEED TO HAVE A LOW IMAGE, BUT NOT NECESSARILY LOWER THAN EVERYONE ELSE'S. THE SOVIETS HAE A LARGE CULTURAL CENTER AND A HUGE STAFF. OTHERS ARE ALSO ACTIVE AND EFFECTIVE. WE DON'T NEED TO COMPETE ON A MAN-FOR-MAN BASIS BUT WE SHOULD TAKE ADVANTAGE OF THE REAL OPPORTUNITIES THAT EXIST FOR ADDITIONAL PROGRAMS IN BOTH THE CULTURAL AND INFORMATIONAL FIELDS. PLANS ARE WELL ADVANCED FOR CONVERSION OF THE PRESENT BICENTENNIAL HALL INTO A MODEST CULTURAL CENTER. I FULLY SUPPORT THIS GOAL, BUT WE NEED TO LOOK TO PROGRAM EXPANSION AS WELL AS SITE IMPROVEMENT. I RECOMMEND THE FOLLOWING IMMEDIATE STEPS.

A. TWO U.S. EMPLOYEES CANNOT MEET THE PRESENT DEMANDS LEVIED ON THEM. I URGE IMMEDIATE ASSIGNMENT OF AN AMERICAN EXECUTIVE ASSISTANT TO RELIEVE THE PAO AND CAO OF ADMINI-
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STRATIVE DUTIES AND CLERICAL TASKS. A MODEST EXPANION OF FSL SLOTS IS ALSO WARRANTED. WE ARE PREPARING SPECIFIC RECOMMENDATIONS ON THIS.

B. USIS BANGLADESH SHOULD BE UPGRADED FROM RESOURCE ALLOCATION GROUP EIGHT T AT LEAST GROUP SEVEN. THIS IS THE EIGHTH MOST POPULOUS NATION IN THE WORLD AND ONE LOCATION IN A MOST IMPORTANT REGION. IT REQUIRES A HIGHER RESOURCE ALLOCATION PRIORITY TO GIVE US THE MEANS NECESSARY TO MEET OUR OBJECTIVES AND PROVIDE ADEQUATE PUBLIC AFFAIRS SUPPORT.

C. THE PRESENT CULTURAL EXCHANGE PROGRAM SHOULD BE DOUBLED (FOR THE CURRENT FISCAL YEAR WE RECEIVED ONLY EIGHT FULL GRANTS). THE PROGRAM FOR EAST PAKISTAN WAS LARGER THAN THAT FOR THE INDEPENDENT NATION OF BANGLADESH. WE ARE STILL SUFFERING BECAUSE BANGLADESH, AS A RELATIVELY NEW NATION, HAS NOT BUILT UP AN HISTORICAL BUDGET ALLOCATION AND BECAUSE THE POLITICAL SITUATION UNTIL LATE 1975 WAS HOSTILE. OUR EXCHANGE PROGRAM SHOULD NOW BE EXPANDED TO ENABLE US TO TAKE ADVANTAGE OF REAL OPPORTUNITIES WHICH EXIST.

B. MILITARY EQUIPMENT AND TRAINING. THE BANGLADESH MILITARY LACK OF MOST BASIC EQUIPMENT. I SUPPORT THE VIEW EXPRESSED IN WASHINGTON THAT, FOR REGIONAL AS WELL AS BANGLADESHI POLITICAL REASONS, WE SHOULD NOT GET INTO A GRANT MAP OR CONCESSIONAL SALES PROGRAM TO THE BDG. STILL I BELIEVE WE SHOULD HAVE THE CAPABILITY TO INITIATE THE SAME TYPE OF LIMITED MILITARY SALES AND OTHER PROGRAMS HERE AS FOR OTHER NATIONS OF SOUTH ASIA. FOR THIS WE NEED A PRESIDENTIAL DETERMINATION TO PUT BANGLADESH ON THE SAME FOOTING AS ITS NEIGHBORS. I AM PLEASED THAT WE HAVE DECIDED TO GO AHEAD WITH A ODEST MILITARY TRAINING PROGRAM IN FY 77 TO BRING BANGLADESH INTO LINE WITH ITS NEIGHBORS IN THIS RESPECT. I HOPE ALSO THAT WE CAN SOON MOVE AHEAD WITH ESTABLISHMENT OF A SMALL
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DEFENSE ATTACHE OFFICE TO HELP US GET A BETTER INSIGHT INTO ATTITUDES AND ACTIVITIES OF THE BANGLADESHI MILITARY. FINALLY, GIVEN BANGLADESH'S STRINGENT
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C. OFFICE BUILDING. ALTHOUGH PERHAPS UNUSUAL IN EPOLICH MESSAGE, I HOPE WE CAN HAVE THE SUPPORT

OF ALL ELEMENTS IN WASHINGTON IN MOVING AHEAD RAPIDLY
WITH CONSTRICTION OF A NEW CHANCERY ON LAND WE ALREADY
OWN. THE FOREIGN SERVICE INSPECTORS SAID LAST YEAR

THAT OUR OFFICE WAS ONE OF THE WORST IN THE WORLD. I
WOULD NOT DISAGREE. IT PRESENTS A DEPLORABLE IMAGE
TO THE BANGLADESHIS, IS IMPOSSIBLE IN TERMS OF
SECURITY AND IS UNBELIEVABLY INCONVENIENT FOR THOSE
WHO WORK IN IT AND VISIT IT. PLEASE DO EVERYTHING
POSSIBLE IN ADVANCE SO CONSTRUCTION CAN ACTUALLY START
AT THE BEGINNING OF THE NEXT FISCAL YEAR.

18. ECONOMIC AID. OUR MAJOR PROGRAM ACTIVITY IN
BANGLADESH NOW AND FOR THE FORESEEABLE FUTURE IS IN THE
FIELD OF ECONOMIC ASSISTANCE. IN THE PAST YEAR AID
HAS COMPLETED THE MAJOR COMPONENTS OF THE RELIEF AND
REHABILITATION PROGRAM WHICH, ALONG WITH MASSIVE
PL-480 TITLE I IMPORTS, HAVE CHARACTERIZED

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U.S. ASSISTANCE TO BANGLADESH SINCE ITS INDEPENDENCE.
THE ONLY REMAINING RELIEF ACTIVITY IS FOOD FOR
WORK SUPPORTED WITH TITLE II RESOURCES AND MONITORED
BY CARE.

19. AID HAS DEVELOPED A PORTFOLIO OF DEVELOPMENT
PROJECTS INCLUDING, MOST IMPORTANTLY, FAMILY PLANNING,
AGRICULTURAL RESEARCH, FERTILIZER IMPORTS, THE
ASHUGANJ FERTILIZER PLANT, AND MORE RECENTLY,
SMALL-SCALE IRRIGATION AND FERTILIZER STORAGE. IN
ADDITION, AID HAS MADE A GRANT TO THE BDG FOR THE
TRAINING OF MIDDLE-LEVEL PLANNING AND MANAGEMENT
PERSONNEL AND A NUMBER OF SMALL GRANTS TO DEVELOPMENT
PROJECTS SPONSORED BY AMERICAN PRIVATE VOLUNTARY
AGENCIES. AID IS ALSO PREPARED TO LAUNCH MORE
AMBITIOUS PROJECTS IN THE PRIORITY AGRICULTURAL
PRODUCTION/RURAL DEVELOPMENT SECTOR AND TO EXPAND
ACTIVITIES IN THE POPULATION SECTOR.

20. I SUPPORT THE AID STRATEGY OF BROADENING AND
DEEPENING ITS ACTIVITIES IN AGRICULTURAL/RURAL
DEVELOPMENT AND POPULATION RATHER THAN ENTERTAINING
REQUESTS FROM THE BDG FOR AID IN LOWER PRIORITY
SECTORS. IF THE BDG MOBILIZES ITS RESOURCES
EFFECTIVELY, AS WELL AS THOSE FROM OTHER DONORS,
PROPOSED AID PROJECTS FOR RURAL (FARM TO MARKET)
ROADS, RURAL IRRIGATION WORKS, A FEASIBILITY STUDY

FOR RURAL ELECTRIFICATION AND STEPS TO IMPROVE THE AVAILABILITY AND DELIVERY SYSTEMS FOR AGRICULTURAL INPUTS (PROMARILY FERTILIZER) COULD MAKE A SIGNIFICANT IMPACT ON THE RURAL POOR. SUCH PROJECTS ARE DIRECTLY SUPPORTIVE OF THE EFFORT TO INCREASE AGRICULTURAL PRODUCTIVITY.

21. THERE HAS BEEN A GREAT DEAL OF DISCUSSION HERE AND IN WASHINGTON OVER THE EFFECT OF THESE ADDITIONAL

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BUT RELATED RURAL PROJECTS ON OUR PRESENT AID PERSONNEL CEILINGS. THIS IS AN IMPORTANT FACTOR. THE POLITICAL SITUATION IN BANGLADESH IS FRAGILE NOW AND COULD EASILY TAKE A TURN FOR THE WORSE. IT WOULD NOT SERVE OUR INTERESTS TO HAVE ANY SIGNIFICANTLY LARGER NUMBER OF OFFICIAL PERSONNEL HERE AS POSSIBLE TARGETS. I BELIEVE, HOWEVER, THAT THE TYPES OF PROGRAMS WHICH AID HAS IN MIND CAN -- AND MUST -- BE HANDLED WITHIN THE PRESENT USAID 38 EMPLOYEE CEILING PLUS THE FOUR ADDITIONAL PERSONNEL APPROVED BY MY PREDECESSOR AND INCLUDED IN THE FY 78 PROGRAM SUBMISSION. THE BULK OF THE WORK WILL BE DONE BY THE BDG, BY BANGLADESHI OR OTHER CONTRACTORS, OR BY TDY PERSONNEL AND NOT BE A PERMANENT INCREASE TO THE DIRECT HIRE USAID STAFF.

2. SPECIFICALLY, ON RURAL ELECTRIFICATION (FOR WHICH THE FEASIBILITY STUDY WAS SIGNED BEFORE MY ARRIVAL), I BELIEVE THIS CAN BE HANDLED WITH NO ADDITIONAL INCREASE IN THE USAID STAFF. THE BULK OF THE WORK WILL BE HANDLED BY LOCAL CONTRACTORS AND THE CONSULTANT. THE ELECTRICAL ENGINEER REQUIRED TO MONITOR THE PROJECT WAS APPROVED LAST YEAR. SIMILARLY, THE MAJOR RESPONSIBILITY FOR THE PROPOSED RURAL ROADS PROJECT WILL REST WITH THE BDG AND THE CONSULTANT, WITH MONITORING BY USAID. IF WE DECIDE TO GO AHEAD WITH THINGS ONE, AID AND THE U.S. CONSULTANT WILL HAVE TO DEVISE A SYSTEM FOR MONITORING THE PROJECT WHICH DOES NOT REQUIRE NOT INCREASE THE USAID DIRECT HIRE STAFF BEYOND THE LEVEL MENTIONED IN THE PRECEDING PARAGRAPH. I BELIEVE THIS CAN BE DONE.

23. IN SHORT, I SUPPORT U.S. PROJECTS SUCH AS THOSE IN THE AREAS LISTED IN PARAGRAPH 20 SUBJECT TO THE FOLLOWING CONDITIONS:

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A. THAT THE BULK OF THE IMPLEMENTATION WORK WILL BE DONE BY OTHERS, WITH THE OFFICIAL U.S. ROLE LIMITED TO PROJECT SUPERVISION AND MONITORING AND WITH NO INCREASE INDIRECT HIRE STAFF BEYOND THOSE ALREADY APPROVED BY THE FORMER AMBASSADOR IN THE FY 78 SUBMISSION.

B. THAT THESE PROJECTS ARE WITHIN OUR CONGRESSIONAL GUIDELINES AND ALSO AID'S OWN CRITERIA OF CONCENTRATING PRIMARILY ON POPULATION, AGRICULTURE AND RURAL DEVELOPMENT.

C. THAT THE BDG REALLY WANTS THESE PARTICULAR PROJECTS, DOES WHAT IS NECESSARY ON ITS PART TO MAKE THEM SUCCEED AND HAS THE NECESSARY MANPOWER AND OTHER RESOURCES.

D. THAT THE WILLINGNESS AND CAPABILITY OF OTHER DONORS TO FUND THE PROJECT IS CAREFULLY CONSIDERED BEFORE WE DECIDE TO COMMIT U.S. RESOURCES.

24. I ALSO STRONGLY SUPPORT ADDITIONAL U.S.HELP IN POPULATION CONTROL PROGRAMS AS BANGLADESH MOBILIZES ITS OWN RESOURCES. WE SHOULD CONTINUE TO PROVIDE TECHNICAL ASSISTANCE, APPROPRIATE SUPPLIES,AND CONTINUE THE PARTICIPANT TRAINING PROGRAM. WE SHOULD ALSO BE PREPARED TO ASSIST THE BDG AS IT PROCEEDS WITH AN EXPANDED SURGICAL CONTRACEPTION PROGRAM AND BE WILLING TO TAKE A FLEXIBLE APPROACH TO THE BDG'S REQUEST FOR ASSISTANCE TO TEST VARIOUS INCENTIVE PROGRAMS.

25. SIMILARLY, IN CONJUNCTION WITH OTHER DONORS (THE UNDP IS PARTICULARLY ACTIVE IN THIS FIELD), I BELIEVE WE SHOULD LOOK CLOSELY AT POSSIBLE PROJECTS FOR TRAINING MIDDLE LEVEL MANPOWER IN THE SKILLS THAT

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ARE REQUIRED TO PLAN AND IMPLEMENT DEVELOPMENT. THIS WILL BE ADDRESSED THROUGH INCORPORATION OF PARTICIPANT TRAINING AND TECHNICAL ASSISTANCE IN SPECIFIC PROJECTS AND THROUGH THE DEVELOPMENT OF PROGRAMS DIRECTLY RELATED TO THE BROADER PROBLEM OF MIDDLE MANAGEMENT TRAINING. THESE ALSO WILL NOT REQUIRE AUGMENTATION OF OUR DIRECT HIRE STAFF.

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26. THE BANGLADESH GOVERNMENT'S GOAL OF ACHIEVING FOOD GRAIN SELF-SUFFICIENCY CANNOT BE REACHED IN THE LONG TERM UNLESS PROJECT ASSISTANCE BY DONORS AND FOODGRAIN POLICIES AND IMPORTS BY THE BDG AND DONORS ARE RATIONALIZED IN THE SHORT RUN. I HAVE ENCOURAGED USAID TO COME UP WITH PROPOSALS WHICH IN SOME AREAS (DEPENDING ON FOOD PRICES, ETC.) COULD PROVIDE CASH FOR THE PRESENT FOOD FOR WORK PROJECT. THIS WOULD SERVE AGRICULTURALLY PRODUCTIVE PURPOSES AND ALSO HELP MEET THE NEED NOTED EARLIER IN THIS MESSAGE TO ENHANCE RURAL PURCHASING POWER. THERE ARE A NUMBER OF PROBLEMS TO BE CONSIDERED (NOT THE LEAST OF WHICH IS DEVISING A SATISFACTORY MONITORING ARRANGEMENT). IF OUR STUDIES ARE PROMISING WE WILL FORWARD FIRM RECOMMENDATIONS ON THIS MATTER.

27. I AM CONVINCED ALSO THAT THE BDG MUST BE WEANED AWAY FROM ITS DEPENDENCE ON PL-480 TITLE I FOODGRAIN IMPORTS AT THE FASTEST PACE WHICH DOMESTIC AGRICULTURAL CONDITIONS PERMIT. THE SELF-HELP MEASURES WE PROPOSE TO ATTACH TO OUR NEXT TITLE I AGREEMENT HAVE ALREADY BEEN FORWARDED TO WASHINGTON. THEY CONSTITUTE AN IMPORTANT STEP IN THIS DIRECTION. WE NEED ALSO TO PRESS TO HAVE A FUNCTIONING FOOD
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POLICY CELL IN OPERATION WITHIN THE BDG IN TIME TO INFLUENCE THE DRAFTING OF THE SECOND FIVE YEAR PLAN (THOUGH OUR PRELIMINARY SOUNDINGS INDICATE IT WILL NOT BE EASY TO GET THE BDG TO ACCEPT THIS). HIR FIRM

ATTITUDE ON NORMAL GRAIN IMPORTS SHOULD, OF COURSE, CONTINUE TO BE TEMPERED WITH ASSURANCES TO THE BDG THAT THE U.S. REMAINS READY TO PROVIDE SUPPORT TO MEET NATURAL DISASTER OR CRISIS.

28. FINALLY, WE TALKED A GREAT DEAL IN WASHINGTON ABOUT COORDINATION OF FOREIGN AID. IT HAS UNQUESTIONABLY BEEN BAD. NON THE POLICY LEVEL, THE IMF IS ALONE IN SEEKING DEVALUATION; THE IBRD URGED THE MAY 1976 BANGLADESH AID GROUP MEMBERS (ABOVE ALL THE U.S.) TO SUPPLY A PREPOSTEROUS 1.5 MILLION METRIC TONS OF FOOD GRAIN TO BANGLADESH DURING 1976/77, AND A U.S. EFFORT IN EARLY 1976 TO RELATE FOOD AID AND POPULATION CONTROL EFFORTS RECEIVED NO DONOR SUPPORT. ON SPECIFIC PROJKECTS, THE BDG FREQUENTLY PRESENTS IDENTICAL AID REQUESTS TO SEVERAL DONORS. THIS LEADS TO DUPLICATE WORK BY DONORS AND CREATES DELAYS IN SORTING THESE OUT. COORDINATION HAS BEEN COMPLICATED BY THE RELUCTANCE OF THE WORLD BANK TO ASSUME AN EFFECTIVE COORDINATING ROLE AND THE INTRANSIGENCE OF SOME DONORS (ONE MAJOR FOOD DONOR'S REPRESENTATIVE, FOR EXAMPLE, SAYS IT'S NO ONE ELSE'S BUSINESS WHAT FOOD AID HIS COUNTRY GIVES). THE SITUATION HAS RECENTLY IMPROVED SOMEWHAT. THE WORLD BANK HAS AGREED TO COMPILE AND CIRCULATE A LIST OF ALL PROJECT AID REQUESTS RECEIVED BY VARIOUS DONORS FROM THE BDG. THE WORLD FOOD PROGRAM COORDINATOR HAS, AS A RESULT OF

OUR INITIATIVE, RECEIVED APPROVAL FROM FAO TO COLLATE INFORMATION ON FOODGRAINS, AND THE UNDP HAS PUT ALL REQUESTS FOR TECHINCAL ASSISTANCE ON DATA CARDS AVAILABLE TO ALL DONORS. I SUGGEST WE
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SEE HOW THESE ARRANGEMENTS WORK FOR A MONTH OR TWO BEFORE WE TAKE ANY NEW INITIATIVES.

29. PROGRAM ACTIONS REQUESTED.

A. ASSIGNMENT OF ONE ADDITIONAL USIS OFFICER AND A MODEST INCREASE GN LOCAL EMPLOYEES (DETAILED PROPOSAL BEING SUBMITTED).

B. UPGRADING OF BANGLADESH FROM USIA RESOURCES ALLOCATION GROUP EIGHT TO AT LEAST GROUP SEVEN.

C. DOUBLING OF THE CURRENT EYAR'SCULTURAL EXCHANGE PROGRAM.

D. APPROVAL OF A PRESIDENTIAL DETERMINATION WHICH WOULD PUT BANGLADESH ON THE SAME FOOTING AS SOME SOUTH ASIAN NATIONS AS FAR AS MILITARY SALES AND RELATED MATTERS ARE CONCERNED.

E. IMMEDIATE INITIATION OF STEPS TO ENSURE THAT
ACTUAL CONSTRUCTION OF A NEW CHANCERY BUILDING CAN
STARTHSN OCTOBER 1977.

F. PROMPT APPROVAL OF NEGOTIATING INSTRUCTIONS
FOR US TO START DISCUSSIONS ON THE FY 77 PL-480 TITLE I
PROGRAM.

G. CONCURRENCE WITH THE GUIDELINES AND PROGRAMS
REGARDING ECONOMIC AID PROPOSED IN PARAGRAPHS 20 TO 26.
MASTERS

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Message Attributes

Automatic Decaptioning: X
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